

in the labour which many of the commodities they purchase contain. Labour is now so economized, and machinery so much introduced in every branch of manufacture, that a great part of the cost of most commodities consists of the profits of capital. That part of the income of society which is gained by the capitalist in trade, is spent in the luxuries of life, and gives employment to what economists call unproductive labour, instead of manufacturing labour, which this employment of capital has superseded. Hence the quantity of unproductive labour in a country, is probably the best proof of its improvement and prosperity.

## CHAPTER XV.

*Rent.*

THE rent of land consists of that part of its produce which is received by the landlord, after paying the expence of labour, materials, and profits of capital employed in its cultivation. The produce of the soil, as we have shewn, creates population, which multiplies with the increase of it. As the value of labour becomes less, the surplus produce of the soil becomes greater.

Rent from mines is also their surplus produce, after paying for the labour, materials, and profits of capital employed in working them. The principles, however, which govern the demand, by which rent from mines is created, are different from those which regulate the rent of land.

There is always a given demand for every commodity of necessary, luxury, or convenience, in use. This demand is regulated by its price. If a carriage could be had for six-pence, beggars would ride. It is only the high price of the luxury which confines it to comparatively so few.



Beneath the cost of its production in labour, materials, profits of capital, &c. no commodity can, for any length of time, fall. If it could not be sold for what it cost, it would cease to be produced altogether. But if, on the contrary, the supply of any commodity is unlimited, except by the cost of production, as salt for instance from sea water, the price of it never can exceed that cost upon the average, as an increase of supply would always follow an increase of demand.

Should, however, the supply of any commodity be limited, and there is a demand for much more than can, by the application of labour and capital, be produced; this demand must be brought to an equality with the supply by an increase of price, which will reduce either the inclination, or confine the power of consuming it to a less number of persons. The difference between the cost of production, and this price, constitutes rent.

Thus there is no limit to the rent of mines, the quantity of whose produce is beneath the demand at its cost price, but the inclination and power of purchase by the consumers. On the other hand, they may leave no rent at all, if they are so extremely productive, as to yield upon the application of materials, capital, and labour, as great a supply of their produce at their cost price, as there is a demand for. But the rent of land, which derives its value

from producing the necessaries of life, can never, in an old country, be any length of time, as we have shewn, below, nor yet above, its natural value in commodities.

The rent of mines is also a consequence of the rent of land. It is not until the soil will command considerably more labour than is necessary for its own cultivation, that a great demand arises for the luxuries of life; and it is probable there will be seldom much rent from mines until there is a considerable rent from land; unless it be for the purpose of exporting to richer countries, where rents are greater, and its inhabitants consequently more wealthy.

Though the causes of the demand which creates the rent of land and mines, be different, the principles upon which the increase of it takes place and is determined, are the same with both. These principles, however, are so very clearly explained by Mr Ricardo, that I shall claim his indulgence for the liberty of copying the principal part of his chapters on the subject.

“Rent\* is that portion of the produce of the earth, which is paid to the landlord for the use of the original and indestructible powers of the soil. It is often, however, confounded with the interest and profit of capital, and in popular language the term is applied to what-

\* Principles of Political Economy, Chap. 2, on Rent.  
Q 2



“ever is annually paid by a farmer to his land-  
 “lord. If, of two adjoining farms of the same  
 “extent, and of the same natural fertility, one  
 “had all the conveniences of farm buildings,  
 “were, besides, properly drained and manured,  
 “and advantageously divided by hedges, fences,  
 “and walls, while the other had none of these  
 “advantages, more remuneration would natu-  
 “rally be paid for the use of one, than for the  
 “use of the other; yet in both cases this re-  
 “muneration would be called rent. But it  
 “is evident that a portion only of the mo-  
 “ney annually to be paid for the improved  
 “farm, would be given for the original and in-  
 “destructible powers of the soil; the other  
 “portion would be paid for the use of the capi-  
 “tal which had been employed in ameliorating  
 “the quality of the land, and in erecting such  
 “buildings as were necessary to secure and  
 “preserve the produce. Adam Smith some-  
 “times speaks of rent, in the strict sense to  
 “which I am desirous of confining it, but more  
 “often in the popular sense, in which the term  
 “is usually employed. He tells us, that the  
 “demand for timber, and its consequent high  
 “price, in the more southern countries of Eu-  
 “rope, caused a rent to be paid for forests in  
 “Norway, which could before afford no rent.  
 “Is it not however evident, that the person  
 “who paid, what he thus calls rent, paid it in

“consideration of the valuable commodity  
 “which was then standing on the land, and  
 “that he actually repaid himself with a profit,  
 “by the sale of the timber? If, indeed, after  
 “the timber was removed, any compensation  
 “were paid to the landlord for the use of the  
 “land, for the purpose of growing timber or  
 “any other produce, with a view to future de-  
 “mand, such compensation might justly be  
 “called rent, because it would be paid for the  
 “productive powers of the land; but in the  
 “case stated by Adam Smith, the compensa-  
 “tion was paid for the liberty of removing and  
 “selling the timber, and not for the liberty of  
 “growing it. He speaks also of the rent of  
 “coal mines, and of stone quarries, to which  
 “the same observation applies—that the com-  
 “pensation given for the mine or quarry, is  
 “paid for the value of the coal or stone which  
 “can be removed from them, and has no con-  
 “nexion with the original and indestructible  
 “powers of the land. This is a distinction of  
 “great importance, in an inquiry concerning  
 “rent and profits; for it is found, that the  
 “laws which regulate the progress of rent, are  
 “widely different from those which regulate  
 “the progress of profits, and seldom operate in  
 “the same direction. In all improved coun-  
 “tries, that which is annually paid to the land-  
 “lord, partaking of both characters, rent and



“profit, is sometimes kept stationary by the  
 “effects of opposing causes, at other times ad-  
 “vances or recedes, as one or other of these  
 “causes preponderates. In the future pages  
 “of this work, then, whenever I speak of the  
 “rent of land, I wish to be understood as  
 “speaking of that compensation, which is paid  
 “to the owner of land for the use of its origi-  
 “nal and indestructible powers.

“On the first settling of a country, in which  
 “there is an abundance of rich and fertile land,  
 “a very small proportion of which is required  
 “to be cultivated for the support of the actual  
 “population, or indeed can be cultivated with  
 “the capital which the population can com-  
 “mand, there will be no rent; for no one  
 “would pay for the use of land, when there  
 “was an abundant quantity not yet appropri-  
 “ated, and therefore at the disposal of who-  
 “soever might choose to cultivate it.

“On the common principles of supply and  
 “demand, no rent could be paid for such land,  
 “for the reason stated why nothing is given  
 “for the use of air and water, or for any other  
 “of the gifts of nature which exist in boundless  
 “quantity. With a given quantity of mate-  
 “rials, and with the assistance of the pressure  
 “of the atmosphere, and the elasticity of steam,  
 “engines may perform work, and abridge hu-  
 “man labour to a very great extent; but no

“charge is made for the use of these natural  
 “aids, because they are inexhaustible, and at  
 “every man’s disposal. In the same manner  
 “the brewer, the distiller, the dyer, make in-  
 “cessant use of the air and water for the pro-  
 “duction of their commodities; but as the  
 “supply is boundless, it bears no price. If  
 “all land had the same properties, if it were  
 “boundless in quantity, and uniform in qua-  
 “lity, no charge could be made for its use,  
 “unless where it possessed peculiar advantages  
 “of situation. It is only then because land is  
 “of different qualities with respect to its pro-  
 “ductive powers, and because in the progress  
 “of population, land of an inferior quality, or  
 “less advantageously situated, is called into  
 “cultivation, that rent is ever paid for the use  
 “of it. When, in the progress of society, land  
 “of the second degree of fertility is taken into  
 “cultivation, rent immediately commences on  
 “that of the first quality, and the amount of  
 “that rent will depend on the difference in the  
 “quality of these two portions of land.

“When land of the third quality is taken in-  
 “to cultivation, rent immediately commences  
 “on the second, and it is regulated as before,  
 “by the difference in their productive powers.  
 “At the same time, the rent of the first quality  
 “will rise, for that must always be above the  
 “rent of the second, by the difference between



“ the produce which they yield with a given  
 “ quantity of capital and labour. With every  
 “ step in the progress of population, which  
 “ shall oblige a country to have recourse to  
 “ land of a worse quality, to enable it to raise  
 “ its supply of food, rent, on all the more fer-  
 “ tile land, will rise.

“ Thus suppose land—No. 1, 2, 3,—to yield,  
 “ with an equal employment of capital and la-  
 “ bour, a net produce of 100, 90, and 80 quar-  
 “ ters of corn. In a new country, where there  
 “ is an abundance of fertile land compared with  
 “ the population, and where therefore it is only  
 “ necessary to cultivate No. 1, the whole net  
 “ produce will belong to the cultivator, and  
 “ will be the profits of the stock which he ad-  
 “ vances. As soon as population had so far  
 “ increased as to make it necessary to cultivate  
 “ No. 2, from which ninety quarters only can  
 “ be obtained after supporting the labourers,  
 “ rent would commence on No. 1; for either  
 “ there must be two rates of profit on agricul-  
 “ tural capital, or ten quarters, or the value of  
 “ ten quarters must be withdrawn from the  
 “ produce of No. 1, for some other purpose.  
 “ Whether the proprietor of the land, or any  
 “ other person, cultivated No. 1, these ten  
 “ quarters would equally constitute rent; for  
 “ the cultivator of No. 2 would get the same  
 “ result with his capital, whether he cultivated

“ No 1, paying ten quarters for rent, or conti-  
 “ nued to cultivate No. 2, paying no rent. In  
 “ the same manner it might be shewn, that  
 “ when No. 3 is brought into cultivation, the  
 “ rent of No. 2 must be ten quarters, or the  
 “ value of ten quarters, whilst the rent of No.  
 “ 1 would rise to twenty quarters; for the cul-  
 “ tivator of No. 3 would have the same profits  
 “ whether he paid twenty quarters for the rent  
 “ of No. 1, ten quarters for the rent of No. 2,  
 “ or cultivated No. 3 free of all rent.

“ It often, and indeed commonly happens,  
 “ that before No. 2, 3, 4, or 5, or the inferior  
 “ lands are cultivated, capital can be employed  
 “ more productively on those lands which are  
 “ already in cultivation. It may perhaps be  
 “ found, that by doubling the original capital  
 “ employed on No. 1, though the produce will  
 “ not be doubled, will not be increased by 100  
 “ quarters, it may be increased by 85 quarters,  
 “ and that this quantity exceeds what could be  
 “ obtained by employing the same capital on  
 “ land, No. 3.

“ In such case, capital will be preferably em-  
 “ ployed on the old land, and will equally cre-  
 “ ate a rent; for rent is always the difference  
 “ between the produce obtained by the em-  
 “ ployment of two equal quantities of capital  
 “ and labour. If with a capital of 1,000*l.* a  
 “ tenant obtain 100 quarters of wheat from his



“ land, and by the employment of a second  
 “ capital of 1,000*l.*, he obtain a further return  
 “ of eighty-five, his landlord would have the  
 “ power at the expiration of his lease, of oblig-  
 “ ing him to pay fifteen quarters, or an equiva-  
 “ lent value, for additional rent; for there  
 “ cannot be two rates of profit. If he is satis-  
 “ fied with a diminution of fifteen quarters in  
 “ the return for his second 1,000*l.*, it is be-  
 “ cause no employment more profitable can be  
 “ found for it. The common rate of profit  
 “ would be in that proportion, and if the ori-  
 “ ginal tenant refused, some other person would  
 “ be found willing to give all which exceeded  
 “ that rate of profit to the owner of the land  
 “ from which he derived it.

“ In this case, as well as in the other, the  
 “ capital last employed pays no rent. For the  
 “ greater productive powers of the first 1,000*l.*,  
 “ fifteen quarters is paid for rent, for the em-  
 “ ployment of the second 1,000*l.* no rent what-  
 “ ever is paid. If a third 1,000*l.* be employed  
 “ on the same land, with a return of seventy-  
 “ five quarters, rent will then be paid for the  
 “ second 1,000*l.* and will be equal to the dif-  
 “ ference between the produce of these two,  
 “ or ten quarters; and at the same time the  
 “ rent of the first 1,000*l.* will rise from fifteen  
 “ to twenty-five quarters; while the last 1,000*l.*  
 “ will pay no rent whatever.

“ If then good land existed in a quantity  
 “ much more abundant than the production of  
 “ food for an increasing population required,  
 “ or if capital could be indefinitely employed  
 “ without a diminished return on the old land,  
 “ there could be no rise of rent; for rent in-  
 “ variably proceeds from the employment of  
 “ an additional quantity of labour with a pro-  
 “ portionally less return.

“ The most fertile, and most favourably si-  
 “ tuated land will be first cultivated, and the  
 “ exchangeable value of its produce will be ad-  
 “ justed in the same manner as the exchange-  
 “ able value of all other commodities, by the  
 “ total quantity of labour necessary in various  
 “ forms, from first to last, to produce it, and  
 “ bring it to market. When land of an infe-  
 “ rior quality is taken into cultivation, the  
 “ exchangeable value of raw produce will rise,  
 “ because more labour is required to produce  
 “ it.

“ The exchangeable value of all commodi-  
 “ ties, whether they be manufactured, or the  
 “ produce of the mines, or the produce of land,  
 “ is always regulated, not by the less quantity  
 “ of labour that will suffice for their produc-  
 “ tion under circumstances highly favourable,  
 “ and exclusively enjoyed by those who have  
 “ peculiar facilities of production; but by the  
 “ greater quantity of labour necessarily bestow-



“ ed on their production by those who have no  
 “ such facilities; by those who continue to  
 “ produce them under the most unfavourable  
 “ circumstances; meaning—by the most un-  
 “ favourable circumstances, the most unfavour-  
 “ able under which the quantity of produce re-  
 “ quired renders it necessary to carry on the  
 “ production.

“ Thus, in a charitable institution, where the  
 “ poor are set to work with the funds of bene-  
 “ factors, the general prices of the commodi-  
 “ ties, which are the produce of such work,  
 “ will not be governed by the peculiar facilities  
 “ afforded to these workmen, but by the com-  
 “ mon, usual, and natural difficulties, which  
 “ every other manufacturer will have to en-  
 “ counter. The manufacturer enjoying none  
 “ of these facilities might indeed be driven al-  
 “ together from the market, if the supply af-  
 “ forced by these favoured workmen were  
 “ equal to all the wants of the community;  
 “ but if he continued the trade, it would be  
 “ only on condition that he should derive from  
 “ it the usual and general rate of profits on  
 “ stock; and that could only happen when his  
 “ commodity sold for a price proportioned to  
 “ the quantity of labour bestowed on its pro-  
 “ duction.

“ It is true, that on the best land, the same  
 “ produce would still be obtained with the

“ same labour as before, but its value would  
 “ be enhanced in consequence of the diminish-  
 “ ed returns obtained by those who employed  
 “ fresh labour and stock on the less fertile land.  
 “ Notwithstanding then, that the advantages of  
 “ fertile over inferior lands are in no case lost,  
 “ but only transferred from the cultivator, or  
 “ consumer, to the landlord, yet since more  
 “ labour is required on the inferior lands, and  
 “ since it is from such land only that we are  
 “ enabled to furnish ourselves with the addi-  
 “ tional supply of raw produce, the compara-  
 “ tive value of that produce will continue per-  
 “ manently above its former level, and make  
 “ it exchange for more hats, cloth, shoes, &c.  
 “ &c. in the production of which no such addi-  
 “ tional quantity of labour is required.

“ The reason then, why raw produce rises  
 “ in comparative value, is because more labour  
 “ is employed in the production of the last  
 “ portion obtained, and not because a rent is  
 “ paid to the landlord. The value of corn is  
 “ regulated by the quantity of labour bestowed  
 “ on its production on that quality of land, or  
 “ with that portion of capital, which pays no  
 “ rent. Corn is not high because a rent is  
 “ paid, but a rent is paid because corn is high;  
 “ and it has been justly observed, that no re-  
 “ duction would take place in the price of corn,  
 “ although landlords should forego the whole



“ of their rent. Such a measure would only  
 “ enable some farmers to live like gentlemen,  
 “ but would not diminish the quantity of la-  
 “ bour necessary to raise raw produce on the  
 “ least productive land in cultivation.”

“ The metals,\* like other things, are obtain-  
 “ ed by labour. Nature, indeed, produces  
 “ them; but it is the labour of man which ex-  
 “ tracts them from the bowels of the earth, and  
 “ prepares them for our service.

“ Mines, as well as land, generally pay a  
 “ rent to their owner; and this rent, as well as  
 “ the rent of land, is the effect, and never the  
 “ cause of the high value of their produce.

“ If there were abundance of equally fertile  
 “ mines, which any one might appropriate,  
 “ they could yield no rent; the value of their  
 “ produce would depend on the quantity of  
 “ labour necessary to extract the metal from  
 “ the mine and bring it to market.

“ But there are mines of various qualities,  
 “ affording very different results, with equal  
 “ quantities of labour. The metal produced  
 “ from the poorest mine that is worked, must  
 “ at least have an exchangeable value, not on-  
 “ ly sufficient to procure all the clothes, food,  
 “ and other necessities consumed by those em-  
 “ ployed in working it, and bringing the pro-

\* On the Rent of Mines, Chap. iii.

“ duce to market, but also to afford the com-  
 “ mon and ordinary profits to him who ad-  
 “ vances the stock necessary to carry on the  
 “ undertaking. The return for capital from  
 “ the poorest mine paying no rent, would regu-  
 “ late the rent of all the other more productive  
 “ mines. This mine is supposed to yield the  
 “ usual profits of stock. All that the other  
 “ mines produce more than this, will necessa-  
 “ rily be paid to the owners for rent. Since  
 “ this principle is precisely the same as that  
 “ which we have already laid down respecting  
 “ land, it will not be necessary further to en-  
 “ large on it.

“ It will be sufficient to remark, that the  
 “ same general rule which regulates the value  
 “ of raw produce and manufactured commodi-  
 “ ties, is applicable also to the metals; their  
 “ value depending not on the rate of profits,  
 “ nor on the rate of wages, nor on the rent  
 “ paid for mines, but on the total quantity of  
 “ labour necessary to obtain the metal, and to  
 “ bring it to market.

“ Like every other commodity, the value of  
 “ the metals is subject to variation. Improve-  
 “ ments may be made in the implements and  
 “ machinery used in mining, which may con-  
 “ siderably abridge labour; new and more pro-  
 “ ductive mines may be discovered, in which,  
 “ with the same labour, more metal may be ob-



“tained; or the facilities of bringing it to market may be increased. In either of these cases the metals would fall in value, and would therefore exchange for a less quantity of other things. On the other hand, from the increasing difficulty of obtaining the metal, occasioned by the greater depth at which the mine must be worked, and the accumulation of water, or any other contingency, its value, compared with that of other things, might be considerably increased.

“It has, therefore, been justly observed, that however honestly the coin of a country may conform to its standard, money made of gold and silver is still liable to fluctuations in value, not only to accidental and temporary, but to permanent and natural variations, in the same manner as other commodities.”

## CHAPTER XVI.

### Taxes.

As the whole income of society must be spent, taxes can be no evil to a nation, in a commercial point of view. Those who supply the consumption of the country, or the goods that are exported in payment of those foreign commodities which the nation consumes, can do no more than supply it; and it has never been contended that the receivers of the taxes were in a different situation with respect to the expenditure of them, than those who derived their incomes from any other source. Both must spend them in one way or other, and neither can do more.

It may be a very annoying circumstance to the ultimate payers of the taxes, to have their property, when there is no danger at hand, encumbered with the support of a great many persons who are of no present use to them; even though these individuals may have spent the prime of their days in their service, or may have hazarded their lives in order to protect them, their families, and those properties out